

# **International Space Brokers (ISB) Group**

## **THE INTERNATIONAL SPACE BROKERS GROUP**

The ISB Group brings together the collective experience and marketing strength of three international broking houses, International Space Brokers, Inc., Crawley Warren & Co., Ltd., and Frank Crystal & Co., Inc., all of which enjoy an excellent reputation in the world insurance market.

The Group is dedicated to providing comprehensive insurance programs to the space and aerospace industry by accessing the worldwide space insurance underwriting community. The industry professionals working for the ISB Group provide unequalled space risk management services, creating a unique blend of financial, contractual, legal, engineering, risk management, and insurance underwriting expertise.

The business is 100% commercial. ISB has a 30-35% market share worldwide.

**ISB WASHINGTON  
(INTERNATIONAL SPACE BROKERS, INC.)**

**John W. Vinter**

John Vinter is President and CEO of International Space Brokers, Inc. (ISB), a Director of ISB, and has been involved with virtually all aspects of commercial satellite business for over thirty years. He has been responsible for the risk management activities for a major client, Satellite Business Systems, for nine years as well as the management of the underwriting capacity of one of the largest space insurers, INTEC, for seven years. As Chief Underwriting Officer for INTEC, he has underwritten space insurances involving virtually all satellite manufacturers, launching agencies and commercial governmental users and international organizations. As president of ISB he has managed the growth of the company from its inception in 1991 until today where it enjoys a 30-35% market share of the space insurance brokerage business.

He has an A.B. degree in Economics from Georgetown University and a M.S. degree in Telecommunications Operations from George Washington University.

**Testimony of John W. Vinter before the Subcommittee  
on Science, Technology and Space of the Senate  
Committee on Commerce, Science and Transportation**

My name is John Vinter. I am the President and CEO of International Space Brokers. We are headquartered in Rosslyn Virginia with offices in London, Paris, New York and Singapore. We are privileged to represent several world class players in the commercial space business, including Intelsat, Motorola, Comsat, Iridium, WorldSpace, CD Radio, SES Luxembourg, American Mobile Satellite Corp, Teleglobe Canada and Telesat Canada.

ISB arranges insurances for the above clients from a market place largely centered in Europe. Approximately 65% of the available insurance capacity comes from the UK, France, Germany, Italy and Bermuda. Even for underwriters in the U.S., capital largely comes from overseas.

I have been invited to speak on the state of the commercial space launch industry and barriers that it is currently facing. For today I have assumed that the launch industry includes all the infrastructure associated with launches and not merely the launch vehicles themselves.

Today, I would like to speak about two problem areas;

- a) the first has to do with technology transfer
- a) the second has to do with capital formation

Please note, the insurance “problem” which was so noticeable after the STS Challenger accident in 1986 is no longer a real issue. At the moment the amount of insurance available for launch and related actively greatly exceeds the amount demanded.

With respect to the first point above, I should point out that all underwriters, US as well as non-US, need a sufficient level of technical information to assess the

risk and ultimately pay claims.

- if there is not enough information, underwriters will not provide the required insurance or will provide it at a price higher than necessary
- in the event of failure, underwriters want to know what happened, what caused the failure, and more importantly what is being done to prevent recurrence; payment of claims could be delayed if proper information is not available.

This information applies to all launch vehicles, US and foreign.

Obviously there is a role for the US government to play. Nobody wants to transfer technology such that new countries can build rockets. However, many non-US underwriters believe that the US government puts unnecessary restrictions on the transmission of technical information.

I believe it would be appropriate for all relevant parties to review this matter in order to determine the proper amount of information which could be shared while at the same time protecting the legitimate concerns of the government.

Regarding my second area of discussion, the formation of capital, I would like to offer the following commentary. My comments apply generally but certainly affect small businesses in particular such as Space Access.

First of all, let us contrast the roles of the financial community vis-a-vis the insurance community. The financial community is prepared to assume credit risks, that is the interest rate will be lower for the best risks and higher for lesser rated risks. The financial community however does not wish to take market risks (those risks associated with market acceptability) or fortuitous risks. Usually the financial community will require a client to take out as much insurance as possible to protect a project.

The insurance community is quite happy to take most fortuitous risks if properly paid. In other words, they will cover launch vehicle failures, fires in the factory, force majeure, acts of governments etc. They do not like to take the risk of a first launch of a new launcher. This having been said the first LMLV, the first Conestoga, the first Delta 3 and the first commercial Zenit were all insured for a variety of reasons. Coincidentally, all of these were failures. The insurance community also does not take market risks.

Thus, there is a gap. Who takes the risk if a system is successfully delivered and turned on but is not profitable. Venture capitalists will take this risk if they are around. If there are not any such venture capitalists then the project doesn't go forward.

In this regard, there well could be a role for the federal government. I can envision the following as possibilities.

- a) capital formation could be incentivized in some way. For example, the current market players could determine the mix of debt versus equity, how equity should be leveraged by debt and the government then could offer appropriate loan guarantees. I should not however like to see the government inhibit commercial developments such as a Spacevest.
- b) advance purchase agreements could also be useful. We have seen today more than one satellite manufacturer order a “package” of multiple launchers. This has helped both US and non US launch systems literally get off the ground .
- c) other traditional tools such as targeted tax incentives and credits could also be envisioned.

In conclusion, I believe there is a role to be played by the Federal government. I would suggest that a dialogue be opened with industry and a cooperative spirit be developed toward addressing these issues rather than the government competing with industry.

I thank you for your attention and would of course be pleased to answer any questions.